

Coleman and Babineaux in Rental Housing Journal: Washington State Rent Control; What Multifamily Property Owners and Investors Need to Know Now

July 9, 2025 Michael Coleman

PRACTICES Real Estate

With a new rent control law coming to fruition in the state of Washington, Haynes Boone attorneys [Michael Coleman](#) and Faris Babineaux authored an article for *Rental Housing Journal* detailing what multifamily property owners and investors need to know.

Read an excerpt below.

As of May 7, 2025, Washington state has a new rent control law under [House Bill 1217](#). Washington is now the third state in the country with a statewide rent cap, joining California and Oregon.

For multifamily property owners and investors, this new law has significant implications. It affects the amount by which rents can increase each year, changes income and expense planning, and may influence property values.

Overview of Washington's New Rent Control Law

Here's what HB 1217 means for multifamily property owners and investors:

- **Annual rent increase limit:** Landlords can increase rents each year by a maximum of either 7 percent plus inflation (measured by the Consumer Price Index for All Urban Consumers, or CPI-U), or 10 percent, whichever is lower.
- **Manufactured and mobile homes:** In manufactured-housing communities, annual rent increases are limited to 5 percent.
- **New tenancies:** Landlords cannot raise rents during the first 12 months of a new tenancy.
- **Not retroactive:** The law does not apply to rent increases issued before May 7, 2025. It only applies to increases on or after that date.
- **Exemptions:** Some properties are not covered by the new rules:
 - Residential buildings that are less than 12 years old.
 - Owner-occupied properties with four or fewer units.
 - Units that are already restricted by government affordable-housing programs.

The legislation implements new tenant protections as a response to rising housing costs.

However, it creates additional considerations for property owners and investors who previously underwrote projects without rent restrictions.

Why This Matters for Multifamily Property Owners and Investors

The new limits on rent increases change how future income and expenses are calculated for multifamily properties. Property owners and investors should understand how these rules apply to their existing properties and financial models.

For owners of newer buildings, the law will not apply right away. However, after 12 years, those properties will also fall under the rent cap, which is likely to negatively affect property values and long-term business plans.

Impact on Property Values

When rent growth is capped, property buyers may view buildings as less valuable because they cannot count on unrestricted higher future income. This could push property values down or lead to higher cap rates for regulated properties.

Owners who plan to refinance or sell a building as it ages past the 12-year exemption period should factor these limits into their planning. Lenders and buyers are likely to examine how rent caps could affect future cash flows and returns.

To read the full article from *Rental Housing Journal*, click [here](#).